



Air Pollution Control Board
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PERMITTING ADVISORY

REVISIONS TO THE NEW SOURCE REVIEW RULES Repeal of State VOC and NOx Offset Requirements

On November 4, 1998, the Air Pollution Control Board revised District New Source Review (NSR) Rules 20.1, 20.2, 20.3, and 20.4 to repeal state requirements to offset oxides of nitrogen (NOx) and volatile organic compound (VOC) emission increases at specified facilities. Offsets are emission reduction credits created by using more stringent emission controls than required on existing sources or by shutting down an existing source. These emission reduction credits can be used to offset (i.e. mitigate) emission increases of NOx or VOC from new projects. State law mandated that District rules require such offsets for emission increases from new or modified permitted equipment at facilities that can emit 15 tons per year or more of either NOx or VOC. Under recent changes in state law, the District was able to demonstrate to the California Air Resources Board (ARB) that the state offset program was not needed in San Diego.

The revised NSR rules became effective on December 17, 1998, when ARB approved the District's proposal to repeal the state offset program in San Diego. **The state requirement to offset all NOx and VOC emission increases from new or modified permitted equipment at facilities with the potential to emit more than 15 tons per year of either NOx or VOC is no longer in effect.**

However, the Best Available Control Technology (BACT) and Air Quality Impact Analysis requirements specified in the New Source Review rules still apply to many permit applications. Also, federal control technology, air quality impact analysis and **federal emission offset** requirements still apply to specified projects at major sources (emissions of 50 tons per year or more of VOC or NOx).

The state offset repeal is conditional on the District tracking the emission increases associated with permitting actions that would otherwise have triggered state offset requirements, and periodically evaluating the impact of the state offset repeal on our ability to meet state ambient ozone standards. The District will continue to calculate and document the emission increases from new and modified permitted equipment as part of the permit application process.

Effects on Emission Limits in Permits

New and Modified Permits

With the above changes to the NSR rules, the 15 ton per year threshold that has been used in permits to avoid state offset requirements will no longer be applied to permitting actions. This will affect new permit applications and those presently under review. However, permit conditions will still be used for other purposes such as to limit or avoid Best Available Control Technology, limit or avoid air quality impacts analysis, ensure compliance with other District rules (e.g. Rule 1200), or avoid triggering federal requirements.

The District will also establish limiting conditions in permits based on the operating levels (e.g. hours of operation, fuel/materials usage, production levels) requested by a permit applicant, provided that such levels do not exceed the physical capacity of the equipment and operations will be in compliance with all applicable District, state, and federal rules and regulations.

Existing Authorities to Construct and Permits to Operate

Where an existing Authority to Construct or Permit to Operate includes a 15 ton per year limit, a facility may request that the limit be revised. The facility must submit an application requesting the District amend the Authority to Construct or modify the Permit to Operate, as applicable. The application must also propose a revised emission limit for the facility or specific equipment. The facility must pay appropriate fees to cover the District's evaluation costs, which may include a reevaluation of Best Available Control Technology. Existing 15 ton per year limits in permits cannot be removed by the District administratively because such changes can affect toxic air contaminant emissions, BACT decisions, air quality impacts and compliance with other rules.

Effects on Deferred/Pending/Provided Offsets

Existing permits (or Authorities to Construct) that deferred small amounts of state offsets to be provided in the future will be revised by the District to delete the offset requirement. This will not require facilities to submit new permit applications. Facilities will be notified at the time their permits are revised.

Where an existing Authority to Construct requires state offsets be provided but operations have not yet begun and offsets have not yet been provided, the District will revise the Authority to Construct deleting the offset requirement. However, if a facility requests removal or revision of any emission limits (e.g. 15 tons per year) in an existing Authority to Construct, the facility must submit an application requesting the District amend the Authority to Construct.

Where an applicant/permittee has already provided emission reduction credits to offset the emission increases from a project, the credits have been surrendered to the District and project operations have begun, the surrendered credits cannot be returned to the applicant/permittee. Those credits were provided in accordance with District rules applicable at the time.

Portable Emission Units

The repeal of state offset requirements for NO_x and VOC emission increases has removed the 15 ton per year (NO_x or VOC) threshold used to define Type I and Type II portable emission units. Type I portable emission units may now operate at any stationary source having an aggregate potential to emit of less than 50 tons per year of NO_x and 50 tons per year of VOC (rather than 15 tons per year) without having to provide offsets for emission increases.

The District will administratively revise existing Type I portable unit permits to reflect these new thresholds. There will be no new Type II portable emission units. Existing permitted Type II portable units can continue to operate at stationary sources with aggregate potential emissions of less than 50 tons per year of NO_x or VOC without providing further offsets. Type III portables will still be those that have provided offsets at the federal 1.2 to 1.0 ratio and can operate at any stationary source, regardless of its potential to emit. All portable equipment must continue to operate in compliance with applicable District rules, with all permit conditions and with any relevant host stationary source permit conditions.

The District will maintain a list of stationary sources with *actual* emissions of 25 tons per year or greater of NOx or VOC. This list is available upon request and can be used as a guide to stationary sources which are likely to have *potential* emissions above 50 tons per year.

Federal Emission Offsets for Carbon Monoxide

The revised New Source Review rules also delete federal offset requirements for carbon monoxide (CO) emission increases. This was possible when U.S. Environmental Protection Agency designated San Diego as attaining the national ambient air quality standards for CO. San Diego was previously designated by ARB as attaining the more stringent state ambient air quality standards for CO. Offsets for emission increases of CO from both stationary and portable equipment are no longer required. However, an Air Quality Impact Analysis is still required if CO emission increases from a project exceed levels (e.g. 550 lbs/day) specified in the New Source Review rules.

Copies of the revised NSR rules have been sent to those on the District's rules subscription list and are also available by calling Juanita Ogata at (619) 694-8851 or on the District's web page (<http://www.sdapcd.co.san-diego.ca.us>) under Rules and Regulations.

If you have any questions regarding this matter, please call the District at (619) 694-3307 and ask to speak to the duty engineer or to one of the District's senior engineers.

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